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Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-15 /131 W
----------078017 220218Z /75
P R 220156Z MAR 78
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 9976
INFO USDOC WASHDC
USTREASURY WASHDC
USMISSION GENEVA
AMEMBASSY PARIS
AMEMBASSY BRUSSELS
AMEMBASSY TOKYO

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FOR USOECD, USEEC, USMTN

E.O. 11652: N/A
TAGS: ETRD, US, KS
SUBJECT: STEEL - KOREAN APPROACH TO TRIGGER PRICES

REF: STATE 68324

RESIDENT U.S. METALS TRADER HAS CONFIRMED EMBOFFS' IMPRESSIONS THAT ROKG APPROACH TO U.S. TRIGGER-PRICE MECHANISM HAS BEEN SIMPLY TO INCREASE PRICES OF KOREAN STEEL FOR EXPORT TO THE U.S. TO TRIGGER PRICE LEVELS. IN ACTUALITY, KOREAN PRODUCTION COSTS AND QUALITY OF PRODUCTS WOULD PERMIT EXPORT TO THE U.S. BELOW TRIGGER PRICES WITHOUT RISK OF AUTOMATIC ANTIDUMPING INVESTIGATION BY U.S. CUSTOMS.
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2. EMBOFFS, IN COURSE OF ANSWERING MANY QUESTIONS RE SPECIAL STEEL SUMMARY INVOICES FROM ROK STEEL PRODUCERS AND EXPORTERS HAVE ADVISED THAT THEY ENTER CORRECT DATA ON FORMS REGARDLESS OF TRIGGERS. BECAUSE OF LOW STEEL PLANT CONSTRUCTION COSTS (300 PER TON OF OUTPUT VS. $1,500 IN U.S. AND JAPAN), LOW WAGE SCALES AND SEASIDE LOCATIONS, KOREAN

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STEEL PRICES F.O.B. ARE IN FACT MUCH LOWER THAN THOSE OF
JAPAN. HOWEVER, TYPICAL ROK EXPORTERS HAVE CHOSEN TO AVOID
ANY POSSIBILITY OF INVESTIGATION BY PADDING THEIR PRICES.
EXPORTERS ARE MINDFUL THAT THERE ARE FOUR SEPARATE DOMESTIC
PRICE SCALES FOR KOREAN-MADE STEEL; ONE FOR SHIPBULIDING,
ONE FOR EXPORT PRODUCTION,ONE FOR STRATEGIC INDUSTIRES
AND LONG-STANDING CUSTOMERS, AND ONE NOMINAL MARKET PRICE.
MOREOVER, BECAUSE OF GREAT DEMAND, ORDINARY STEEL "SECONDS"
WHICH MIGHT NOT MEET EXPORT SPECIFICATIONS CAN BE SOLD AT
A HIGH DOMESTIC PRICE. THEY HAVE BEEN PUZZLED OVER WHICH
PRICE TO ENTER ON SSSI AND EMBASSY/REGCUSTOMS ATT HAVE BEEN
UNABLE TO ADVISE THEM DEFINITIVELY.

3. EMBASSY WILL ATTEMPT TO COMPLY WITH INSTRUCTIONS REFTEL
(A).
SNEIDER

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Decaption Date: 01 jan 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
Disposition Event:
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Litigation History:
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